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Varieties of Industrial Relations in Aviation Lockdown

Denmark: Industrial Relations in Aviation during Covid-19

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Introduction

This report is part of the VIRAL project – *Varieties in Industrial Relations in Aviation during Lock-down* under DG Employment. The overall aim of the project is to improve the expertise and knowledge of industrial relations through analysis and research in the specific field of aviation – before, during and after the Covid-19 pandemic. The seven countries investigated are Denmark, France, Germany, Ireland, Italy, Poland and Spain.

General information on the project as well as other country reports can be found on www.viralproject.eu.

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“The airport is one of the largest economic eco-systems in Denmark. The value adding effect is reaching far beyond our cadastral. Hence, it is important that we get the momentum going and create more jobs.”

Thomas Woldbye, CEO of Copenhagen Airports in August 2022

Summary

Overview of Industrial Relations in Denmark during C-19

The main actors in Danish industrial relations have not changed during the C-19 pandemic. However, we find that the tripartite system have shown its strength during the C-19 crisis as the State and the peak organisations on the employer's side and on union side have been able to swiftly implement remedies to cope with crisis. Already when the C-19 pandemic hit in March 2020, relief packages was introduced very fast and in close cooperation between parliament, employers' organisations and trade unions. While it has not had an impact on union density, employers' organisation or collective bargaining coverage as such, it has strengthened the general understanding of the Danish model as agile and effective when dealing with major societal challenges through cooperation between the State, employers' organisations and unions. As such, the relative power between the three parties has not changed fundamentally; rather the public opinion has been quite positive as politicians as well as employers' organisations and unions have shown responsibility and determination. However, one hair in the soup is an ongoing challenge to recruit and retain employees in the public health sector.

Industrial Relations in aviation during C-19

Along the value chain in aviation, major redundancies took place during the C-19 pandemic, just like in other countries. Through quick tripartite negotiations several relief packages were implemented, which have been used widely across the Danish labour market as well as in aviation. The employer side as well as trade unions in aviation found the salary compensation scheme and the support scheme for fixed expenditures highly useful but some expressed that the the work sharing scheme has been difficult to utilize in the aviation sector, since it was designed to fit standard work organizations with standard working hours – which is not what characterizes flying personnel. Beside the general relief packages, a specific relief packages for aviation was also implemented. The government initially aimed to support the Danish airlines; however, this turned out to be a challenge due to EU competition rules. The aviation relief package therefore ended up supporting all aviation companies active in Denmark through a lower airport tax; effectively, all the aviation companies operating in Denmark, irrespective of country of origin, have been able to utilize this relief package. The overall picture is that the vast majority of companies survived the C-19 lockdown; however, a few staffing companies in aviation went bankrupt during the crises.

The legacy Scandinavian airline SAS was under financial strain for many years before the C-19 crisis. However, the economy picked up in the years up to the C-19 crisis, and as SAS was doing well economically, in 2019 the pilots in

SAS was able to negotiate a collective agreement with a pay raise of 10.86 per cent over three years.

However, during the C-19 95 per cent of the passengers disappeared from SAS. Consequently, many employees were sent home and eventually a majority of the flying personnel was made redundant.

SAS's ownership patterns changed during C-19. While SAS is on the public stock market, the ownership pattern has always been dominated by the nation states Denmark and Sweden. However, this trend has been accentuated during the C-19 pandemic. As part of loans and bail out plans the Swedish and the Danish state has achieved a bigger stock share in SAS; while Sweden had 14.8 per cent of the shares pre-C-19, as of 2022 Sweden had 21.8 per cent. Before C-19 Denmark had 14.2 per cent, while Denmark owned 21.8 per cent ultimo 2022. Some analytics points out that this potentially is a hollowing out of stock value for the remaining investors, which in turn might make it difficult to attract new investors.

Before the pandemic SAS started up two airlines, SAS Link and SAS Connect, to compete with the business model seen in low-cost carriers. These companies were planned before the pandemic hit. Pilots and cabin crew in the Scandinavian SAS unions criticized the set-up as it was regarded as a pathway towards poorer working conditions and salaries that circumvents the existing collective agreements with the main company SAS Scandinavia. However, a collective agreement was closed between these companies and FPU (Flight Personnel Union) in 2020 (Link) and 2021 (Connect) respectively.

Organizing the flying personnel, we find Flight Personnel Union (FPU) and the two SAS inter-company unions Danish Pilot Association (DPF) for pilots and Cabin Attendants Union (CAU) for cabin crew. DPF and CAU have been in existence since the 1960's and are only organizing SAS employees. However, as of 2022, both SAS unions joined Danish Metal Workers' Union, and a subdivision, Metal Aviation (Metal Luftfart) was established within the Metal Workers' Union, consisting of SAS pilots, SAS cabin crew and flight mechanics. As such, we have two unions organizing pilots and cabin crew.

In the summer of 2022, a strike among SAS pilots commenced. The strike was in accordance with a renewal of the collective agreement but turned out to be very expensive for SAS as it took place during the busiest time of the year, the summer holiday. The collective agreement closed after the strike is to last an unprecedented 5½ years and is covering SAS as well as Link and Connect. The pilots took a pay cut and accepted more flexibility; pilots dismissed during C-19 was promised to be rehired in the SAS group before any new pilots were to be hired and with same seniority; and as part of the deal, SAS accepted that SAS Link's collective agreement and SAS Connects collective agreement should be renewed with DPF (the SAS pilot union under Metal Aviation (Metal Luftfart)) and not FPU, who has the agreement at present time. As such, a rivalry between unions in aviation is observable.

The low-cost carrier Ryanair has been flying in Denmark from 2012, with a base in Billund Airport (the second largest airport), but with no collective agreement as Ryanair did not want to sign such an agreement. In 2015, Ryanair

started flying from Copenhagen airport, but without a base in the airport and hence no collective agreement. On behalf of FPU (Flight Personnel Union), Danish Trade Union Confederation (FH) dragged Ryanair in Labour Court to get Ryanair to engage in collective bargaining as Ryanair had a base in Billund and had announced the intent to start a base in Copenhagen. Ryanair lost the case as Labour Court ruled that Ryanair had to engage in collective bargaining in order to have a base in Billund and if they were to establish a base in Copenhagen. The ruling said that because employees were having their work and general life in Denmark and not in Ireland, Danish rules applied and as such Ryanair had to engage in negotiations, even though the company and the planes are Irish. Ryanair did not want to engage in collective bargaining, and consequently, Ryanair closed its bases in Billund and Copenhagen. However, Ryanair continued to fly in and out of Copenhagen and Billund from bases abroad, and Ryanair soon became the 3rd largest flight operator in CPH, a position it still holds as of 2022. Since October 2020, the subsidiary Malta Air has had a base in Billund, but with no collective agreement. Negotiations have taken place for years between Ryanair and FPU and since the spring of 2022 with Metal Aviation – so far (ultimo 2022) to no avail.

While Industrial Relations in general in Denmark is dominated by sector agreements, we find two different kinds of set-up for Industrial Relations along the value chain in aviation: Ground personnel is inscribed in a sector model, i.e. sector agreements set the standard with some latitude for local negotiations to accommodate the special needs and financial conditions of the enterprise – as is seen on most of the Danish labour market. However, it is significant that airlines have company agreements – and even, in the case of SAS until recently, company unions. That entails that there are no sector agreements for flying personnel; rather we find a lot of different company-based collective agreements across airlines and as such that link in the aviation value chain deviates from the general picture of Industrial Relations in Denmark.

The power balance between employers and employee has fluctuated during the C-19 crisis, but no side have had the upper hand per se as the crisis has affected the whole branch and all involved – companies as well as employees and all links in the value chain. Upon the return to what seems to be almost normal conditions over the summer 2022, a new challenge presented itself: the lack of labour has been pronounced across the Danish society and are affecting all branches in public as well as private sector. As such, demand for labour is high in aviation as well, but it has not as yet affected wages as the trend is mitigated by unpredictability due to the energy crises and steep inflation.

A special problem is constituted by the fact that many employees formerly employed in aviation have found other jobs. Hence, it has not been possible to rehire personnel across the value chain in aviation and there is a lack of experienced workers in skilled as well as unskilled positions. Especially the unskilled ground workers and cabin crew is in demand. This, combined the fact that travelling caught up faster than expected, meant that many travelers experienced first-hand long queues in airports over the summer as security and other staff was a scarce resource. Other areas also had problems recruiting staff

and training them – and the more qualified the job, the bigger the problem. For example air traffic controllers are in demand and that has turned the power balance to air traffic controllers, who has leverage in wage negotiations.

Summing up, the case of Denmark shows how (ultra) low cost carriers have affected the Industrial Relations along the aviation value chain. The low cost carriers force other airlines to adhere incrementally to the same business model to stay competitive. This affects many links along the value chain and also the Industrial Relations as outsourcing in different forms is a constant threat (subsidiaries in other countries, wet or dry leasing etc.) – or in some cases a reality. This affects collective bargaining and while all but one scheduled airline in Denmark do have collective agreements, concession bargaining has been seen as employees have to accommodate to the needs of their employers to assure the competitiveness vis-à-vis the (ultra) low-cost carriers. Unions competing for the same employees further blurs the picture. While C-19 have emphasized these trends, C-19 relief packages have also shown companies the value of the Danish model of cooperation – also through tripartite negotiations.

Part I:

General overview of Industrial Relations in Denmark during C-19 and after lockdown

Industrial Relations in Denmark during C-19 and after lockdown

As pointed out in WP3, the State plays a rather withdrawn role in regulation of the Danish labour market as the social partners are regulating most issues through collective agreements. However, having said that, there is also a long tradition for *tripartite negotiations* when major issues of importance to society is at stake.

As such, the social partners – employers’ organizations and trade unions - had two roles during C-19. Firstly, the traditional role of providing *collective agreements* that are in accordance with the financial situation. Secondly, being active in *central tripartite negotiations*, in which the state obviously plays a major role, especially when major welfare issues are at stake – and in casu with the C-19 situation, the tripartite negotiations were very important. All in all, the social partners and the parliament closed 21 tripartite agreement during the C-19 lock-downs.¹

The typical central collective agreement is for three years, starting 1. April. Two bargaining rounds took place during the C-19 lockdowns – in the private sector in the spring of 2020 and in the public sector in the spring of 2021. As always, the social partners coordinate their interests’ way before the actual negotiations starts. Already in August – some 6 months before the actual negotiations take place – employers’ organisations as well as trade unions flag possible issues up for bargaining and as such the contours of the main obstacles – and the way to reach a result – are typically visible in February when the actual negotiations commence.

Private sector spring 2020

The renewal of the collective agreements in the private sector was to take place in spring 2020. Well prepared, the partners in the private sector was able to present a settlement already 9. February 2020, when nobody even thought of a lockdown. The settlement included a higher wage increase than seen in quite some time; a result of the fact that wage improvements had been lagging behind productivity improvements for some years.

And then came corona and the lockdown 13. March. Due to corona, the financial situation was unpredictable, and some advocated to renegotiate as the conditions for higher wages had changed fundamentally. However, the trade union confederations worked hard to assure that the settlement would stand as a similar result would be unattainable during or after C-19. While the employers’ organisations were reluctant, they decided to adhere to the settlement as companies needed a secure and stable frame for the economy. Employers furthermore relied on the quite decentralized model as it entails possibilities to adjust the wage level locally (Andersen and Hansen, 2020).

¹ <https://fho.dk/blog/category/arbejdsret-og-overenskomst/corona-covid19/>

Public sector spring 2021

Due to the lockdown in spring 2021, the negotiations in the public sector was a mix between face-to-face meetings and viral meetings. The insecurity about the financial situation pervaded the negotiations, but early on, in February, it seems like most areas had found compromises and the negotiators could send the collective agreements out for a referendum. However, the nurses voted against the settlement. Nurses had shown extreme flexibility and sacrifices during the pandemic, but didn't feel it was appreciated by the employers. Hence, new negotiations took place and the mediator presented a mediation proposal – which was turned down by the nurses in another referendum. Hence, the nurses went on strike 19. June 2021, and the strike lasted for 10 weeks. In late August, the Parliament made the mediation proposal a law (Hansen and Mailand, 2021).

The tension is still there, however, and the general shortages of labour post-C-19 has put pressure on the political level to find solutions to recruit and retain personnel for the health sector. Up to the general election 2. November 2022, the government party the Social Democrats indicated that higher wages for nurses and other core workers in the public sector could be a way to go – thereby indirectly interfering with a fundamental point in the Danish model that wages is not to be discussed or negotiated by politicians, but by the social partners.

IR during C-19 – central and sector level

While the extraordinary situation under the lockdown did emphasize challenges, the form of negotiations, the cooperation pattern, the power balance and as such the fundamental structure of the IR-system in Denmark did not change fundamentally as a result of C-19. However, the form of negotiations were different due to the lockdown.

On the national and sector level, the negotiations took place under different circumstances as in many cases the negotiators were not able to be physically in the same room. As such, body language were not detectable.

Furthermore, as trade unions were forced to negotiate with employers' organisations and – perhaps most importantly - to communicate with their member base virally, a new platform in the form of social media emerged – with a potential for more member democracy (Wesley Hansen og Hau, 2022). The two bargaining rounds in 2020 and 2021 with communication on social media and digitalized referendums represent quite a leap into a digitalized union organisation and communication. It remains to be seen if this has lasting effects.

Changes in the union density is not accessible. However, 1,873,000 were member of a union in 2019, in 2021 some 1,904,000 were member of a union. Ultimo 2019, Denmark had 2,789,000 wage earners, while the number ultimo

2021 was 2,836,000. As such, the actual union density seems not to have changed.²

In the public opinion, unions in the public sector, especially nurses, gained sympathy as frontrunners dealing with the C-19 crisis first hand.

New numbers on employers' organisations' member density is not accessible, i.e. the latest numbers from 2017 of 53 percent still stands. The same goes for collective bargaining coverage; as of 2018 82 per cent of all wage earners was covered by a collective agreement.

IR during C-19 – local level

On local level, companies and workplaces had as their main purpose to make the workplace function – to deliver the core service. This was often obtained by giving local workplaces a lot of autonomy to solve the assignment – a kind of 'centralized decentralization' in management where employers set the course, but left it up to employees or teams to find out how to deal with the situation. Quite a few employees found a new kind of freedom and creativity in this process. (Navrbjerg & Minbaeva 2020). While works councils and employee representatives were often involved, sometimes things went a bit fast and cooperative bodies were surpassed. But fundamentally, the cooperation system by and large worked and helped reorganizing work places during C-19.

The role of the State: Tripartite negotiations during C-19

While the State plays a rather redrawn role in regulation of wages and flexibility issues as this is taken care of in collective bargaining rounds, the State is an important actor when major welfare issues of overall importance is at stake. Such issue are often discussed between employers' organisations, trade unions and the state in tripartite negotiations. Examples are pension plan and paternity leave. By engaging constructively in such negotiation, the social partners obtain legitimacy in the eyes of the state – and the broader population.

Exactly in a crisis like the Covid-19 crisis tripartite negotiations are highly relevant and was used intensively and swiftly in Denmark. For example, already in March 2020, *The temporary wage compensation scheme* was concluded by the government in close cooperation with the social partners at national level; the scheme was prolonged as the pandemic continued.

There has however been ongoing dialogue and negotiations between the social partners in the Danish aviation industry as well. The dialogue and negotiations in the industry took the form of extraordinary bipartite meetings between relevant trade unions and aviation companies and was not been part of the regular collective bargaining rounds.

² <https://www.dst.dk/da/Indberet/oplysningssider/loenmodtagerorganisationernes-medlemstal>
<https://www.dst.dk/da/Statistik/emner/arbejde-og-indkomst/beskaeftigede/beskaeftigede-aku-interview>

The main issues has been how to minimize layoffs due to lack of demand on air travel and how to minimize wage costs for companies. The general state compensation schemes for salaries had a ceiling, which meant that aviation companies had to top up the state compensation scheme for e.g. pilots. Thus, negotiations took place between the social partners on temporary wage cuts in order to limit costs for companies as well as how to implement voluntary leave without pay in order to limit actual dismissals. For most airlines, this resulted in a voluntary wage cut for pilots around 20 per cent. The main purpose for the employer side has been to save companies from going bankrupt as no flight services was required. For the trade unions the main goal was to save jobs and ensure that as many employees as possible could return to their job after the pandemic.

As mentioned, the extraordinary dialogue and negotiations have been very constructive in finding common ground and solutions. The social dialogue and negotiations continued after the lockdowns and focused on ramping up the production to match increased demand when the pandemic ended. While the parliament made relief packages very early on, covering a broad range of branches and industries, both employers and trade unions within aviation have criticized the government for not making additional solutions for the aviation industry, as this industry was hit harder than most other industries. Furthermore, the industry has criticized that some of the general solutions did not fit the aviation industry. During the first period of the lockdown the companies were able to send employees home with significant support from government wage packages, which covered most of the expenses. However, according to trade union sources, remedies as the job sharing schemes during the second lockdown did not fit flying personnel and they would have preferred to continue the possibility to send employees home with wage compensation.

General relief packages

During the C-19 pandemic, several relief packages and compensation schemes has been launched by the Danish parliament. Furthermore, the state allowed all businesses to postpone their VAT payments to the state as a form of additional loan.

The Wage Compensation Scheme (WCS)

The state pays a certain amount to the company per employee sent home due to C-19 related loses. The purpose is to keep the employees within the company so that it would be possible to get up in gear immediately when the pandemic was over – and to secure the income for the employees.

General Conditions:

- At least 30 per cent or more than 50 employees are sent home
- No dismissals of any workers in the company, neither the once sent home nor the once still in the company
- The reason for loses has to be connected to C-19

According to Statistics Denmark, Denmark had 2.8 million wage earners as of February 2020. In April 2020, 113,000 employees were sent home, i.e. ca. 4 per cent of the labour force. In May 2021, about 103,000 of the 113,000 was back in employment. After the 13 months, 81,000 of the 113,000 was back in the same company (Danmarks Statistik, 2021). In other words, 71 per cent had stayed with the same employers as of April 2021.

Compensation for fixed costs/expenses

On March 19 2020, it was concluded that all companies with an economic loss of minimum 40 per cent caused by the pandemic could apply for compensation regarding the fixed costs that they would now have difficulties in paying for. The compensation is covering between 25 and 80 per cent of the fixed costs, depending on the scope of the revenue decline. In December 2021, the scheme was extended until February 28 2022, and the condition of having a revenue decline of minimum 40 per cent was lowered to 30 per cent ([Erhvervsministeriet, 2021](#)).

The Part-time furlough scheme (Arbejdsfordeling)

The FS scheme (Arbejdsfordeling) has existed for years as an agreement between the social partners. The aim of the scheme is to safeguard jobs in crisis-ridden companies by allowing more flexible work organization. This includes lowering the working time, while the employee (if being a member of an unemployment benefit fund (A-kasse) and entitled to benefit) can receive supplementary unemployment benefits. As with the wage compensation scheme, a general condition is that the affected companies do not lay people off. On March 12 2020, some of the scheme's regulations were loosened to allow more companies to use it. In September 2020, the social partners and the government concluded a tripartite agreement introducing a temporary Covid-19 FS scheme being more flexible than the already existing scheme. The new, temporary Covid-19 FS scheme also differed from the original one by raising the unemployment benefits as well as suspending the eligibility criterion existing in the original scheme where workers needed to be a member of an unemployment benefit fund (A-kasse) to receive unemployment benefits under the scheme

https://etui.org/sites/default/files/2021-09/Job%20retention%20schemes%20in%20Europe%20-%20Denmark_2021.pdf

Part II:

**Industrial Relations in aviation
during and since Covid-19 lockdown**

Industrial Relations in aviation during and since Covid-19 lockdown

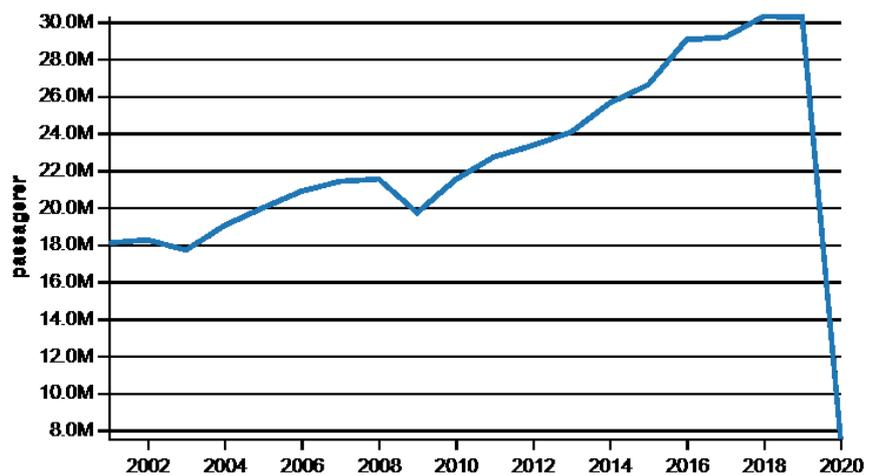
The structure and economy of aviation during C-19

As in all other countries, aviation was hit hard by COVID-19 from March 2020 onwards. As of 2019 the aviation industry was strong and a growing business, and as in other countries, the pandemic hit hard. However, as pointed out, actions from the State and the social partners was swift.

Passengers in aviation since C-19 lockdown

The two main airports in Denmark are Copenhagen and Billund. While Copenhagen Airport was serving 30 million passengers in 2019, the number was 7.5 million in 2020, including the first 2½ month before the lockdown, when business was ‘as usual’.

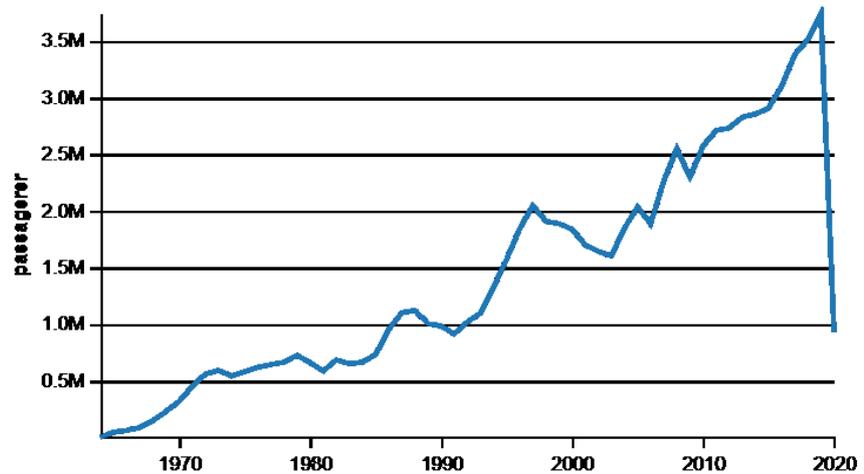
Passengers per year in Copenhagen Airport



However, CPH recovered a bit during 2021, and the total at the end of the year 2021 was 9.2 million.³

Billund airport have gone through a similar development.

³ <https://www.cph.dk/en/about-cph/investor/traffic-statistics/2022/1/cph%20traffic%20report%20december%20and%202021>

Passengers per year in Billund Airport

However, the numbers varies considerably, as the intensity of the lock down varied over the two years. For example, looking at the month of April 2019 and 2020 respectively, we find that Copenhagen Airport lost 93 per cent of their passenger in 2020, compared to 2019 – the number in April 2020 was 25,936. In April 2021, the numbers went up to 182,094 passenger, but compared to 2019 (2.5 million passengers), it was still a loss of more than 90 per cent of the passengers. Especially the charter sector was hit hard as it came to a complete stand still with a decline in passengers of almost 99 per cent. Other months were better, but the combined picture was never-the-less a business that generally lost some 90 per cent of its customers during Covid-19.

Figure 1: Passengers in Copenhagen airport April 2019, 2020 and 2021

	April			Change (%) 2020	Change (%) 2019
	2021	2020	2019		
Total passengers	182.094	25.936	2.508.962	602,1%	-92,7%
Denmark	38.203	4.064	124.012	840,0%	-69,2%
*) Europa	119.223	17.910	2.090.052	565,7%	-94,3%
**) Intercontinental	24.668	3.962	294.898	522,6%	-91,6%

Source: <https://www.cph.dk>

Looking into the year 2022, we find a business doing much better. For example, while Copenhagen Airport was servicing 2.1 million passengers in December 2019, and 1.1 million passengers in 2021, CPH was at a respectable 1.7 million passengers in December 2022, i.e., 83 % of the passengers had returned compared to before the C-19 lockdowns.⁴

⁴ <https://www.cph.dk/om-cph/investorer/trafikstatistik/2023/01/cph%202021%20millioner%20rejste%20gennem%20lufthavnen%20i%202022>
<https://www.cph.dk/en/about-cph/investor/traffic-statistics/2022/12/twenty-million-travellers-through-cph-this-year>

Figure 2: Passengers in Copenhagen airport in December 2019, 2020 and 2021 and the whole year of 2019, 2021 and 2022

	December					Year to date				
	2022	2021	2019	Index 2021	Index 2019	2022	2021	2019	Index 2021	Index 2019
Total passengers	1.702.754	1.091.829	2.063.917	156	83	22.143.135	9.179.654	30.256.703	241	73
Denmark	90.846	85.095	103.369	107	88	1.226.343	850.853	1.487.932	144	82
*) Europa	1.410.248	889.698	1.693.042	159	83	18.829.415	7.669.088	25.035.098	246	75
***) Intercontinental	201.660	117.036	267.506	172	75	2.087.377	659.713	3.733.673	316	56

Looking at the total numbers of passengers for 2022, Copenhagen Airport had 22.1 million passengers, a big step forward from the 9.2 million in 2021 – but still with some margin to the almost 30.3 million that was flying through the airport in 2019. Keeping in mind here that the first 4-6 month of 2022 was still influenced by lockdowns and insecurity around the world, it is especially in the second half of 2022 that the passenger numbers have gone up.

In August 2022 Copenhagen Airport could present the first positive result for a long time. However, the debt build up since March 2022 had amounted to 2.2 billion DKK/295 million euro.

Employment in aviation since C-19 lockdown

Before the C-19 outbreak, the aviation business in Denmark employed some 34,000 employees including direct support functions. With the jobs created indirectly in the form of support functions for employees in the sector plus tourism, the amount is estimated by IATA (2019) to be some 83,000 people living from income more or less directly connected to aviation (see also WP2). In comparison, the workforce in Denmark – public and private – was 2.7 million in 2019. As such, the aviation business, including indirect functions, was employing some 3 per cent of the workforce in Denmark.

Copenhagen Airport was dominating as the estimated number of employees in this area was 23,000 people in some 1,000 companies including direct support functions. As such, Copenhagen Airport was – and still is - pivotal for the municipalities Tårnby (where the airport is positioned) and also quite important Copenhagen because of tourists. While 42,000 jobs were lost in Denmark from March to September 2020, a sizable 16,400 were lost in Tårnby and Copenhagen alone. Tårnby lost 11.4 % of their jobs, and Copenhagen 4.3 %.⁵ An estimation says that the airport alone lost some 10,000 jobs.⁶

⁵ . <https://www.danskerhverv.dk/presse-og-nyheder/nyheder/2020/september/coronakrisen-har-ramt-kobenhavn-benhardt/>

⁶ <https://www.cph.dk/om-cph/presse/nyheder/2021/11/det%20kr%C3%A6ver%20udvikling%20at%20fremtidssikre%20en%20af%20danmarks%20st%C3%B8rste%20arbejdspladser>
<https://www.cph.dk/om-cph/presse/nyheder/2021/5/cph%20kvartalsmeddelelse%20minimal%20trafik%20og%20underskud%20p%C3%A5%20dkk%20436%20million%20f%C3%B8r%20skat> Her står:
 ” <https://www.cph.dk/om-cph/investorer/selskabsmeddelelser/2021/3/meddelelse-om-koncernaarsrapport-2020>

While the numbers of passengers in aviation was still very low in March 2022, the opening from lockdown in Denmark in the spring 2022 soon turned the picture around, and the summer 2022 turned out to be overwhelmingly good for aviation in Denmark. As pointed out, in Copenhagen Airport, 4 out of 5 passengers were back,

The turn-around was quicker than expected, and the airports have been under pressure to accommodate the huge demand due to a general shortage of labour across Danish society. As also seen in other countries across Europe, security lines were very long and many airlines had problems flying some routes due to the unexpected lack of labour along the value chain.

To what degree have the people laid off been rehired? It is difficult to get an exact overview. However, some indications is to be found. For example, as of August 2022, Copenhagen Airport had hired 500 new employees – about half the amount that they had to lay off during the pandemic.⁷ However, the pandemic also have given management time to reflect on how to do things more effectively, and there is no guarantee that the airport will hire another 500 people, i.e. if the employment will come back to the same level as pre-C-19.

As time of writing, it is difficult to give an exact estimation of the long term consequences for employment in aviation. Furthermore, a number of relief packages was introduced during the lockdowns, and it is still unclear how many jobs are lost permanently due to C-19.

Who has been hid hardest in aviation?

Obviously, all airlines was hit hard during the C-19 lockdowns. However, some airlines seems to have more troubles than others getting back on their feet. Copenhagen Airport had some 30 million passengers in 2019 and about 9.2 million in 2021. In 2022, the number will be more than 20 million. However, relatively, the legacy airline SAS has lost most shares of the passengers; while the share in 2019 was 33.5 per cent, it was 28.1 per cent in 2021. Norwegian, the second biggest operator also lost a significant share, going down from 17.2 per cent in 2019 to 12.2 per cent in 2021. The third biggest operator, Ryanair has had some progress in relative terms, having 9 per cent of the share in 2021 compared to 7.7 per cent in 2019. However, it should be kept in mind that this is only relative numbers indicating relative strength between airlines in Copenhagen Airport. The facts is that Ryanair lost 64 per cent of passengers in 2021 compared to 2019 – while SAS and Norwegian are relatively worse off, having lost almost 75 respectively 79 per cent of their passengers.

The 20 largest airlines in Copenhagen Airport in 2021 vs. 2019

No.	Company	2021	2019	Development	Share 2021	Share 2019
1 (1)	SAS	2,577,771	10,145,956	-74.6 %	28.1 %	33.5 %
2 (2)	Norwegian	1,119,736	5,196,685	-78.5 %	12.2 %	17.2 %

⁷ <https://mobilitywatch.dk/nyheder/persontransport/article14305675.ece>

No.	Company	2021	2019	Development	Share 2021	Share 2019
3 (3)	Ryanair	828,433	2,279,356	-63.7 %	9.0 %	7.7 %
4 (14)	DAT	374,190	367,097	1.9 %	4.1 %	1.2 %
5 (4)	EasyJet	360,612	1,678,379	-78.5 %	3.9 %	5.5 %
6 (5)	Lufthansa	352,114	794,430	-55.7 %	3.8 %	2.6 %
7 (6)	KLM	297,295	688,325	-56.8 %	3.2 %	2.3 %
8 (13)	Air France	219,414	376,090	-41.7 %	2.4 %	1.2 %
9 (11)	Sunclass Airlines	191,603	392,996	-51.2 %	2.1 %	1.3 %
10 (20)	Vueling	185,680	282,918	-34.4 %	2.0 %	0.9 %
11 (19)	Atlantic Airways	176,178	301,204	-41.5 %	1.9 %	1.0 %
12 (16)	Turkish Airlines	173,587	356,020	-51.2 %	1.9 %	1.2 %
13 (9)	Icelandair	165,501	401,728	-58.8 %	1.8 %	1.3 %
14 (-)	Wizz Air	155,001	236,007	-34.3 %	1.7 %	0.8 %
15 (-)	Pegasus Airlines	150,644	243,519	-38.1 %	1.6 %	0.8 %
16 (7)	British Airways	126,811	542,522	-76.6 %	1.4 %	1.8 %
17 (8)	Finnair	126,784	507,477	-75.0 %	1.4 %	1.7 %
18 (15)	SWISS	124,669	361,229	-65.5 %	1.4 %	1.2 %
19 (12)	Austrian Airlines	113,276	392,084	-71.1 %	1.2 %	1.3 %
20 (10)	Qatar Airways	105,110	400,021	-73.7 %	1.1 %	1.3 %
	Others	1,255,245	4,312,668	-70.9%	13.7 %	14.7 %
	Total	9,179,654	30,256,703	-69.7 %	100.0 %	100.0 %

Source: Copenhagen Airport

The trend seems to be that while leisure passengers are coming back in big numbers, business travellers has not returned to the same degree. Due to new communication habits (Zoom, Teams etc.), more companies are employing viral meetings instead of face-to-face meetings. Furthermore, many companies now have engaged in the green transition which includes rules that limits travelling in general and particularly air travelling. This development hits those companies servicing business travellers hardest – and in a Nordic contexts, this has been SAS’s core customers through decades.⁸

A few companies went bankrupt during the C-19 lockdowns:

- JetTime in July 2020
- Great Dane in October 2021 (allegedly due to C-19)
- Norwegians two Danish staffing companies

Ground personnel and airports

Ground personnel – luggage handlers, security, retail, air controllers etc. – are also affected by the business model of low cost carriers. One of the ways to obtain marginal gains is to reduce the turn-around time for the airplanes. This puts pressure on baggage loaders, cleaning assistant and other personnel servicing the planes as they have to work faster to minimize the turn-around time.

However, as C-19 hit and almost nobody was flying, it affected all other links along the value chain. Ground personnel as baggage loaders, cleaning assistants, security etc. was hit almost as hard as flying personnel during the

⁸ <https://www.berlingske.dk/virksomheder/engang-floej-de-forretningsreisende-fra-moede-til-moede-sas-direktoer>

pandemic. However, these job functions have been able to take advantage of many of the relief packages as they are generally better designed to standard working hours. Some social partners pointed out that the work organisation of pilots and cabin crew is of a nature that makes it problematic to implement the Part-time furlough scheme (Arbejdsfordeling); this kind of remedies worked better for many ground functions.

General relief packages and their use in aviation

The general C-19 compensation packages from the parliament covered from 75 to 90 percent of the wages with a fixed ceiling. Wages above this ceiling were to be paid by the companies themselves. This created a challenge for some companies; within aviation, especially pilots earn more than the fixed compensation ceiling. However, through dialogue and negotiations between the social partners it was agreed that within most companies' pilots would accept a 20-22 percent wage reduction during the pandemic. Since the compensation package covered most of the salary for cabin crew and ground staff, the reduction mainly affected pilots. Despite negotiations on wage reduction and compensation schemes some companies along all links in the aviation value chain did send their staff on leave without pay as the crisis turned out to be longer than first anticipated.

The Wage Compensation Scheme (WCS)

Airlines have to a great degree utilized the wage compensation scheme in the beginning of the pandemic. However, after a short period for example SAS withdrew from the scheme because the crisis obviously dragged out and they chose to dismiss some of their staff. A general condition in the compensation scheme is that companies may not receive wage compensation and at the same time dismiss employees. Hence, SAS withdrew from the scheme in June 2020 to then issue a notice about upcoming layoffs of up to 1,700 employees (out of 4,200 employees in Denmark). In total, SAS fired around 5,000 employees during Covid-19, almost half of their employees.⁹

One of the challenges for airlines in general was that companies needed to top up salaries to especially pilots because of the ceiling on wages in the compensation scheme. This was a big expenditure for most airlines. SAS instead offered permission without salary to large groups of staff with a promise that they would be first in line to be rehired when traffic picked up again after the pandemic. However, SAS did not live up to this promise and pilots have been very unsatisfied with this. Hence, this was an important part of the collective agreement closed between SAS and pilots in July 2022 (see later).

Compensation for fixed costs/expenses

This scheme has been highly utilized widely in the aviation sector, especially in the beginning of the pandemic. It has no doubt helped the sector and prevented

⁹ [Ritzau, 2021](#)

a lot of smaller firms from bankruptcy. The airlines and especially the airports and its related shops and companies has thus been highly dependent of the scheme.

The Part-time furlough scheme (Arbejdsfordeling)

For some companies, the part-time furlough scheme has been difficult to utilize among flying personnel due to the special circumstances in the sector. You cannot just change pilots and cabin crew in planes during flights and e.g., pilots are specialized flying particular airplanes. Because of this, the scheme has not been utilized to a great degree by some airline companies, while others, like SAS, has been able to use the scheme when SAS gave up the wage compensation scheme. The scheme has been utilized quite widely among luggage handlers, security personnel etc.

Aviation specific relief packages

Parliament has been very aware that aviation was especially hard hit by consequences of C-19. It has also been noted by the political level that aviation is a long value chain with a number of other business and jobs depending on each other as well as second hand supporting functions ranging from hotels, restaurants and tourism to kindergartens and schools. Hence, a number of special relief packages for aviation have been implemented.

The aviation package (Luftfartspakken)

In the months after the outbreak of the C-19 pandemic the Danish parliament decided to work on a special relief package to the Danish aviation sector. Initially, the goal was to support Danish companies in aviation, but this inhibited by EU regulation on competition. Instead, it was decided to allocate most of the support to airlines working on domestic routes as well as reduce airport taxes in general.¹⁰

On June 25, 2020, the Social Democratic government concluded an agreement with the Liberal Party of Denmark (Venstre), the Danish Social-Liberal Party (Radikale Venstre) and the Conservative People's Party (Konservative folkeparti) on creating a special 'aviation relief package'. The aviation package was overall granted a financial framework of DKK 259 million (app. 34.5 million euro) prioritizing mainly domestic aviation (DKK 135 million/18 million euro), reduction of airport taxes (DKK 90 million/12 million euro) and support to re-establish critical routes (DKK 9 million/1.2 million euro). Furthermore, DKK 25 million/3.3 million euro was allocated to a 'climate contribution', aimed at developing and producing green aviation fuel. Despite the good intentions, the package turned out to be difficult to implement due to reluctance at EU level, and part of the content was changed or not put to practice. In September 2020, the EU-Commission rejected the special treatment

¹⁰ <https://www.trm.dk/media/1i1h4iek/politisk-aftale-luftfartspakke.pdf>
<https://www.trm.dk/media/s1unw4on/politisk-aftale-justering-af-luftfartspakkeny.pdf>

of domestic routes. The Aviation Relief Package was therefore amended and the special support to domestic routes were cancelled. It was decided to transfer some of the support to a 50 per cent reduction of airport taxes instead of the initially planned 25 percent reduction. Ultimately, 130 million DKK/17.3 million euro was allocated to reduction of airport taxes.

The relief package still met critique from the aviation sector who felt the support was insufficient. The chair of the Flight Personnel Union (FPU), Thilde Waast, wrote on the union's website in June 2020:

“It may seem careless to call a three-digit million (DKK) amount ‘too little’, but we are dealing with an industry that has a turnover of DKK 25-30 billion a year on average, and which for four months has been 90-95 per cent below normal.”¹¹

Because the aviation relief package ended up mainly reducing airport taxes, the result has been that international airlines have been the biggest receivers of the Danish aviation package – via the lower airport taxes. From 1. July to 31. December 2020 69 million DKK/9.2 million euro was paid to lower airport taxes with a ceiling of 800,000 euro per company. As seen below Ryanair, Norwegian and SAS has received the maximum amount in support.

It has been criticized that companies as Ryanair (criticized for poor working conditions and salary) and Qatar Airways and Emirates (placed in countries appearing on EU's list of tax heavens) are on the top-15 list of receivers of the Danish aviation package, with Ryanair topping the list.¹²

Table 1: Support to airlines through lower airport taxes

Airline	Total DKK received in support
Ryanair	5,956,960
Norwegian Air Shuttle	5,954,575
Scandinavian Airlines System (SAS)	5,954,080
DAT	4,859,143
KLM	3,590,985
Deutsche Lufthansa	3,570,238
Wizzair	3,552,951
Atlantic Airways	3,212,441
Air France	2,006,122
Qatar Airways	1,889,573
Emirates	1,874,765
Icelandair	1,746,571
British Airways	1,674,978

¹¹ <https://www.a4arbejdsliv.dk/artikel/formand-luftfartspakken-raekker-ikke-og-kommer-for-sent>

¹² <https://politiken.dk/klima/art8229457/irske-Ryanair-blev-st%C3%B8rste-modtager-af-dansk-hj%C3%A6lpepakke-til-luftfart>

Airline	Total DKK received in support
Turkish Airlines	1,462,440
Air Greenland	1,423,763

Source: Trafik-, bygge- og boligstyrelsen¹³

Another 65 million DKK/8.6 million euro was allocated to support the ‘restart’ of the aviation sector. Among things to support was expenditures for security, social support and compensation for expenditures related to licenses and maintenance of special competencies related to aviation.¹⁴

Training and maintenance of certificates for pilots

As part of the Danish aviation relief package 27 million DKK/3.6 million euro was allocated to support airlines expenditures for staff needing to uphold licenses for commercial flights (AOC) in 2020.

Summer business package to boost economy and holiday activities

On a more general level, a relief package supporting tourism, travel and aviation was voted through parliament 4. June 2021. The *Summer Business Package to Boost Economy and Holiday Activities* had an economic frame of DKK 1.65 billion (215 million euro) to boost the tourism and experience economy among others (Eurofound 2021).¹⁵ The package included direct support to the airlines in form of:

- DKK 27 million/3.6 million euro for an extension of aid scheme for the salaries of critical staff of airlines in order for them to uphold their licenses.
- DKK 60 million/8 million euro for the reduction of safety tax for airlines. The decline in passengers and flights have meant that the traffic authority has not had enough income to cover its safety oversight and control. These expenses has to be financed through higher safety taxes and the 60 million will ensure lower the safety taxes till 2025.

SAS – the legacy airline during C-19

SAS, by far biggest airline operating in Denmark, was already challenged economically before the Covid-19 lockdowns, and recurrent saving plans had forced the SAS unions DPF (Danish Pilot Association) and CAU (Cabin Attendants Union) into several rounds of concession bargaining. However, the economy seemed to have stabilized to some degree the last years before Covid-19 hit. Never-the-less, the recurrent cuts in wages and deterioration of working conditions had eroded trust between management and employees in SAS over the last two decades. In 2019, after some years with surplus in SAS, the SAS

¹³ [Irske Ryanair blev største modtager af dansk hjælpepakke til luftfart - politiken.dk](https://www.politiken.dk/nyheder/ir/irsk-ryanair-blev-storste-modtager-af-dansk-hjaelpepakke-til-luftfart)

¹⁴ <https://check-in.dk/justeret-luftfartspakke-endaeligt-paa-plads/>

¹⁵ https://static.eurofound.europa.eu/covid19db/cases/DK-2021-23_1943.html

pilots stroke a deal with SAS with some wage raise, however after a 7 day (legal) strike.

HR and Industrial relations in SAS during C-19

Initially when Covid-19 hit, SAS presented successive plans for employees, all directed towards keeping the employees close to the company so that a reopening could be relatively swift. However, as the C-19 pandemic turned out to last longer than expected, SAS employed a different strategy.

Very soon after the lockdown – 15. March 2020 – SAS sends home 90 per cent of the workforce – 10,000 employees, most on wage compensation schemes. In Denmark 4,000 out of 4,200 are send home on wage compensation schemes. The purpose is to secure the employees' connection to SAS, so SAS is able ramp up the production as soon as lockdown is over.¹⁶

However, in late April 2020, SAS announces redundancy of 5,000 employees - 1,700 in Denmark, 1,900 in Sweden and 1,300 in Norway. It included all in all 650 pilots. The result, implemented in late June, was that 1 1,593 persons was made redundant – about half was cabin crew. Thereby, the wage compensation scheme was annulled as the precondition was that workers are employed and there are no dismissals.¹⁷ Almost 10 per cent of the pilots accepts a voluntary dismissal.

In March 2021 SAS management is taking advantage of the opt-out option to terminate the 3-year collective bargaining agreement with the SAS pilots from 2019 one year earlier. SAS and SAS Pilot Group (the Scandinavian union of Nordic SAS pilots) agrees on a new agreement that replaces the three-year collective agreement from 2019, where pilots got a pay raise of 10,86 % over the three years (3,5 %; 3,0%; 4 %). The pilots agreed to denounce the last year raise of 4 %. The new collective agreement only runs for one year and has to be renewed 1. April 2022.

8. October 2021 the SAS affiliated trade union Danish Pilot Association (Dansk Pilot Forening, DPF - organising only SAS-pilots) announces that they are joining Dansk Metal (Danish Metal Workers' Union) and a section called Dansk Metal Luftfart (aviation) is established. The section is organising aviation mechanics and SAS pilots.¹⁸This is followed up 15. November by the trade union for SAS Cabin Crew (CAU – Cabin Attendants Union) who announces that they are also joining Dansk Metal as of February 2022.

6. May SAS dismisses 300 cabin crew that have been on voluntary leave since June 2020. The cabin crew states that they were promised to be re-hired when production after the C-19-crisis ramped up again. However, before the pandemic, SAS had started up two new airlines, SAS Link and SAS Connect who has made new collective agreements with the trade union FPU. The

¹⁶ <https://check-in.dk/sas-sender-10-000-ansatte-hjem/>

¹⁷ <https://check-in.dk/sas-goer-klar-til-afskedigelser/>

¹⁸ https://www.danskmetal.dk/Kontakt/Afdeling/Hovedstaden/MetalLuftfart/Sider/default.aspx?gc lid=EAIAIQobChMIg7ar6L3y9gIV0hkGAB1XAgeLEAAYASAAEgKjIPD_BwE

dismissed cabin crew were employed with SAS Scandinavia who will not re-hire them on their old terms.

9. May 2022, the cabin crew in the new company SAS Link are establishing their own trade union and declares they will cooperate with SAS crew in other SAS companies and unions. The new union is called SAS Link Cabin Union (SLCU). Pilots and cabin crew in the other new company SAS Connect has also started unions called SAS Connect Pilot Union and SAS Connect Cabin Union. The goal is that the new unions will cooperate with each other as well as with the 'old' SAS unions for pilots and cabin crew – DPF (Dansk Pilot Forening) and CAU (Cabin Attendants Union).

Pilot strike in SAS July 2022

As the collective agreement with the pilots, running from 2019 to 1. April 2022 (with an opt-out option after two years) is expiring 1. April 2022, the pilots and SAS is negotiating over the winter 2021-22. However, 26. March the negotiations between SAS and the pilots are breaking down. However, pilots continue to fly in May and April on the running agreement.

However, 9. June almost 1,000 SAS pilots are sending a strike warning, and the strike is to start 24. June if a collective bargaining agreement has not been reached. The strike is later postponed to a 29. June, in order to coordinate the strike with the pilots in Sweden and Norway. 21. June SAS airplane mechanics (members of Metal Aviation under Danish Metal Workers' Union) are announcing a sympathy strike from 5. July. Such a strike is legal and basically consists of holding back services of SAS airplanes.

29. June, the SAS pilot strike was supposed to commence but are postponed for 72 hours as negotiations are still on. Negotiations are now taking place in Stockholm for all Nordic pilot groups under the leadership of the Norwegian arbitrator Mats Ruland. A coordination of the different IR-systems in Norway, Sweden and Denmark is necessary to make the process run. For the next three days, negotiations are ongoing, and the strike is postponed again by the arbitrator, now with a deadline 4. July at noon.

However, the negotiations between SAS and the SAS pilots' breaks down without results and the pilot strike is a reality. 50 per cent of SAS departures are being cancelled, and only departures catered by leasing companies and SAS Connect and SAS Link departs according to schedule. Pilots express surprise as they basically thought an agreement was reached, when SAS at the 11th hours put forward new demands.

5. July SAS mechanics commence the sympathy strike. The same day SAS announces that they have filed for a Chapter 11 process in USA.¹⁹

Over the next 2 weeks – in the midst of the busy Scandinavian holiday season - negotiations go on.

In parallel with negotiation behind closed doors, an information war is going on in the media where both parties are coming with different kind of statements about the other party's role in the conflict, basically blaming each other for the lack of progress. For example, the announcement of the Chapter 11 process was perceived by the pilots as a tool to put pressure on the pilots in the negotiations while SAS claimed that timing was coincidentally.

Finally, after 2 weeks of conflict, an agreement is landed the morning of 19. July.²⁰ The result can be found in the textbox.

What is a U.S. Chapter 11 Process?

The chapter 11 restructuring process in the U.S. is different than a bankruptcy or administration proceeding in other parts of the world. The process provides the company time and flexibility to reorganize its capital structure, reduce costs, and complete a financial restructuring under the supervision of the U.S. court system. The board of directors and management continue to run the company and the restructuring process is overseen by a U.S. federal court.

¹⁹ <https://www.sasgroup.net/files/documents/chapter-eleven/SAS-About-the-Chapter-11-Process-Infographic-ENG.pdf>

²⁰ <https://www.altinget.dk/artikel/her-er-hvad-vi-ved-om-den-nye-sas-overenskomst>
<https://www.tv2lorry.dk/tv-2/det-ved-vi-om-sas-aftale-med-piloterne-stor-loennedgang-og-flere-arbejdstimer>

The result of the negotiations between SAS and the pilots - what was all the fuzz about?

Negotiations between pilots and SAS allegedly started already back in November 2021. While the details of agreement are kept secret, some information has slipped out;

- In November 2021, SAS suggested a collective agreement for 10 years – i.e., no rights for pilots to strike for 10 years
- For SAS, a solid reduction of pilot costs was mandatory
- For pilots, a re-hiring of pilots fired during corona was mandatory
- Shortly before the break-down of the negotiation 4. July, the pilots offered a 6 year agreement; this was denied by SAS.

The final main results (according to the employee side):

- Long agreement: The collective agreement lasts an unprecedented 5½ years
- Wage reduction: Pilots are going down in wage
- More flexibility: Pilots can work up to 60 hours per week
- Combined the wage reduction and the enhanced flexibility is estimated to be a total reduction of approximately 25 % on pilot costs
- New partner in the collective agreement: SAS Connect and SAS Link is committed to release itself as soon as possible from their collective agreements with FPU for the pilots hired in the company.
- Pilots employed on the FPU-agreement can at any time chose to transfer from the SAS/FPU to the SAS/DPF agreement. Any agreement with the Connect is expiring in 2025, and any agreements with Link is expiring in 2027.
- Rehiring of pilots: Pilots fired during the Covid-19 crisis must be re-hired before any other hiring of new pilots – and under the same seniority, irrespective if the company is SAS Scandinavia or Link or Connect. Seniority is transferred is any SAS company with the same seniority before any other pilots are hired.
- Pilots' seniority: Pilots working in SAS Link and SAS Connect (presently under a collective agreement with FPU) will regain previous positions on the common seniority list in Denmark, Norway and Sweden when they transfer to the new collective agreement btw. SAS and DPF. Pilots in Link/Connect that have not previous been employed in SAS will obtain seniority on the common list amongst all SAS pilots, which in turn will allow rights on e.g. promotions to commander and vacant positions on SAS longhaul fleet.

SAS' economy during C-19

In the decades up to the C-19 lockdowns, SAS have had recurrent negotiations with the governments of Norway, Sweden and Denmark. But obviously, fast action was needed when C-19 hit.

Two months into the C-19 lockdown in May 2020, SAS is negotiating a loan of 3.3 billion SKR = 300 million euro from the Swedish government, and in June SAS announces that the Danish and Swedish government acknowledges the turn-around-plan that has been put in place due to Corona. At that time, it is estimated that SAS needs 12.5 billion Swedish kroner (1.1 billion euro) to manage the C-19 crises. Furthermore, the Danish ministry of finance announces that the Danish state will contribute with a total of 550 million euro to secure SAS' survival during the C-19 crisis.

October 2020, SAS launches a recapitalisation plan that implies a share extension and a dilution of stock value for existing stockholders. After the recapitalisation, the Danish and Swedish states each has a share of 21.8 % of the stocks in SAS respectively. Before the plan, the Danish state owned 14.2 % and the Swedish state owned 14.8 %.²¹

As Denmark and many other countries moves out of the C-19 lockdown in February 2022, SAS announces a deficit of 1.7 billion DKK for the three months November, December and January – on top of recurrent deficits over former two year. SAS announces an austerity plan of 5.2 billion DKK/695 million euro per year called *FORWARD*. According to SAS, the employees' contribution in terms of lower salaries and more flexible work organisation amounts to approximately 20 percent of the plan. Another important element of the *FORWARD* plan is that SAS will try to pay of its debt of 20 billion Swedish kroner/2 billion euro by making a stock emission, so existing debts are converted into new stocks. This, however, needs approval by the current stock owners. At the same time SAS seeks new investments of 9.5 billion Swedish kroner/895 million euros.²²

7. June the Swedish state announces that it will no longer support SAS with new capital and in a longer perspective the Swedish state plans to sell their share SAS. Sweden is however open to the idea in the *FORWARD* plan to convert SAS' current debt to the Swedish state into equity capital/new stocks. Meanwhile, the Danish Parliament decides to write of a debt of 3.5 billion DKK/465 million euro. However, it is dependent on SAS' ability to attract private investments as well. 28. June, the Norwegian government announces that it is willing to aid SAS by converting a debt of 1,5 billion Norwegian Kroner (150 million euro) to stocks.

Some commentators point out that the bailing out of SAS by converting state investments and reduction of debts to stock entails a hollowing out of the value of existing stocks – and as such, it could be a problem to attract new investors.²³

²¹ <https://www.sasgroup.net/investor-relations/the-share/shareholders/>

²² <https://nyheder.tv2.dk/business/2022-06-07-overblik-sas-jagter-milliarder-for-at-overleve>

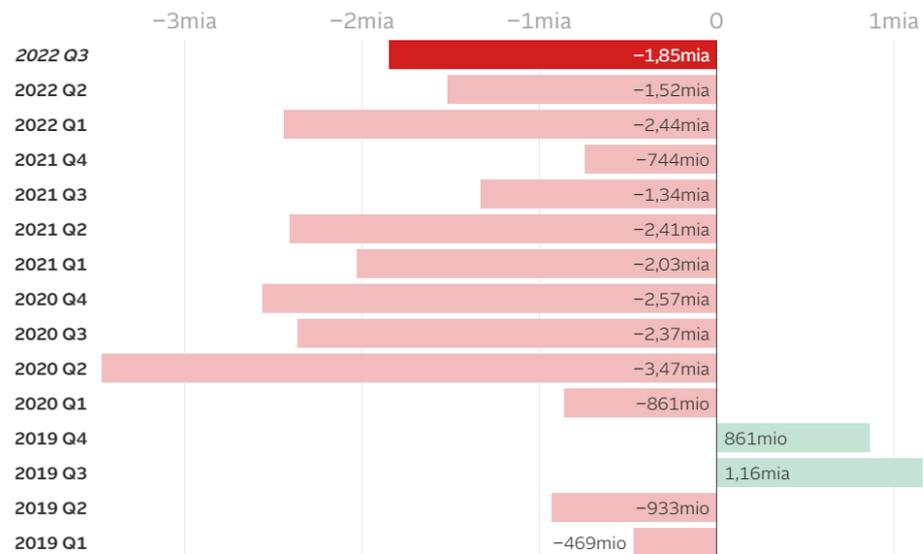
<https://nyheder.tv2.dk/business/2022-02-22-sas-med-nyt-milliardunderskud-vil-aendre-hele-sin-forretning>

²³ <https://www.euroinvestor.dk/nyheder/panik-blandt-sas-aktionaerer-aktie-i-frit-fald-efter-udvanding>

26. August 2022 SAS presents the result for the quarter May-June-July and it shows a deficit of 1.3 billion DKK (175 million euro). The pilot strike in July alone is estimated to have cost 1 billion DKK (135 million euro). On top of that come reimbursement for passengers hit by the strike; those were not finished at the time of the presentation.

SAS has at time of reporting (January 2023) had negative results 11 quarters in a row.

SAS' result 2019-22 – in billion Swedish kroner



Ryanair – the low cost carrier during C-19

In 2012, Ryanair started flying on Billund – with a base, but with no collective agreement.

In 2015, Ryanair established a base in Copenhagen and started flying Copenhagen in March, also here without a collective agreement. However, on behalf of FPU (Flight Personnel Union) the Danish Trade Union Confederation (FH) dragged Ryanair in Labour Court to get Ryanair to engage in collective bargaining. Ryanair lost a case in Labour Court as the court ruled that they had to engage in collective bargaining in order to establish a base in Copenhagen, because employees was to be regarded as having their work and life in Denmark and not in Ireland, though the company and the planes are Irish. As Ryanair did not want to comply with the Labour Court verdict, Ryanair closed its bases in Copenhagen and in Billund.

However, Ryanair continued to fly in and out of Copenhagen and Billund airports from bases in among other countries Poland and Lithuania, and as of 2019 Ryanair was the 3rd biggest airline in Copenhagen, servicing 2.3 million passengers – without having any staff based in Denmark.

As such, Ryanair had no bases nor any collective agreement in Denmark before the lockdown in 2020. However, in 2020, Ryanair engaged in negotiation with FPU (Flight Personnel Union) about a collective agreement for staff in Denmark. However, having still not reached an agreement, Ryanair established a base for their subsidiary Malta Air in Billund and started flying from here in October 2020. Negotiations between Ryanair and FPU continued off and on over the next 18 month to no avail, and in the spring of 2022, the dialogue stopped. However, in the summer 2022 news stories stated that Ryanair/Malta Air has started a dialogue with Metal Luftfart – and these stories are confirmed in September 2022.²⁴ At time of reporting (January 2023) no agreement is yet closed between Ryanair/Malta Air and any trade union in Denmark.

Industrial relations in aviation during and after lockdown

As pointed out, the general social dialogue and collective bargaining on sector level has not changed due to Covid-19. C-19 specific initiatives have been implemented, often via tripartite negotiations and discussions, but they are extraordinary, and the general opinion is that it will not affect the regular rounds of collective bargaining neither on a general level nor in aviation. Also, union density, employers' organisation and collective bargaining coverage has not changed significantly in aviation and is high – in some functions and companies even higher than the generally high level of union density and collective on the Danish labour market.

Having said that, there is no doubt that unions as well as employers' organisations have been overworked during the C-19 lockdown, trying to find a modus operandi for the many companies in aviation – often with the help of relief packages.

Furthermore, C-19 or no C-19, an important distinction must be made between ground personnel and flying personnel when discussion Industrial Relations along the value chain in aviation.

Sector agreements among ground personnel – company agreements in airlines

While ground personnel are inscribed in sector negotiations as seen for most of the Danish labour market, the flying personnel is typically under company agreements and as such not covered by any sector agreement.

Ground personnel is part of the traditional Danish bargaining model where sector agreements deliver the frame for local negotiations. As such, no notable changes in IR have taken place in this part of aviation. Furthermore, many of the general relief packages has been applicable for these groups of employees.

Pilots and cabin crew is a more complex issue. Company agreements are dominating in airline companies, and until recently we even found company unions – the case of SAS. As such, there are many different individual company

²⁴ <https://mobilitywatch.dk/nyheder/persontransport/article14400938.ece>

agreements, and Industrial Relations in airlines deviate from the general picture of Industrial Relations in Denmark – and from Industrial Relations for ground personnel.

Several different unions are representing personnel along the aviation value chain (see appendix), and within this area some changes have taken place during Covid-19. Most notable, Dansk Pilot Forening (DPF) and Cabin Attendants Union (CAU) joined Dansk Metal (Danish Metal Workers' Union). DPF and CAU was originally SAS-specific unions; only employees in SAS were members. By extension, Dansk Metal created a sub-division, Metal Luftfart (Metal Aviation), organizing and representing pilots, cabin crew and plane mechanics. The move means that pilots and cabin crew have more muscles in negotiations with SAS and can draw on valuable negotiation skills from Dansk Metal, who is one of the lead unions in collective bargaining in Denmark. It also entails that there are now two competing unions representing flying personnel, namely Dansk Metal and FPU.

The conflict in the conflict – union rivalry in aviation

Underneath the conflict between SAS and their pilots, another conflict became apparent. Back in 2017, SAS established a subsidiary in Ireland under the name SAS Ireland or SAS SAIL. SAS set-up the base in order to minimise costs. The set-up was criticized by pilot and cabin crew unions in Scandinavia as not living up to current labour standards in SAS.²⁵

February 2020 FPU signed a collective agreement with the SAS subsidiary airline, SAS Link. SAS Link was to cater for a fleet of midsize carriers in SAS. In spring 2021 SAS Connect and FPU signed a collective agreement.

That SAS made collective agreements with Flight Personnel Union (FPU) and not the SAS unions Cabin Attendants Union (CAU) and Danish Airline Pilot Association (DPF) met harsh criticism from the latter trade unions. They further criticized the fact that SAS did not rehire staff in the main company, but instead offered to apply for jobs in the companies SAS Connect and SAS Link.

In the new agreement as of 2022 between SAS and the pilots (now part of under Metal Luftfart (Metal Aviation), it is pointed out that Metal Luftfart is taking over the collective agreements of SAS Link when it expires in 2025 and of SAS Connect when it expires in 2027. As such, we are witnessing a rivalry between two unions under the umbrella confederation Danish Trade Union Confederation (FH – Fagbevægelsens Hovedorganisation) about who is to represent pilot and cabin crew in SAS and its subsidiaries.

On the one side is FPU, who since 1970 has been organising most pilots and cabin crew in aviation except SAS staff. On the other side is Metal Aviation (Metal Luftfart), a sub-division under Dansk Metal (Danish Metal Workers'

²⁵ <https://check-in.dk/sas-piloter-i-oproer-over-ny-platformstrategi/>
<https://avisendanmark.dk/artikel/piloter-hiver-sas-i-retten-for-at-omg%C3%A5-ans%C3%A6ttelsesaftale>

Union), established in 2021 as the SAS affiliated unions DPF and CAU joined Dansk Metal. Aircraft mechanics are also part of Metal Aviation.

Balance of power between employee representatives and employers during C-19

The pandemic hit the airline companies and airports as well as related companies hard. Most companies tried to avoid major redundancies by implementing relief packages. Employees and their representatives have in many instances also contributed to the survival of their workplaces by accepting wage reductions, work-sharing schemes and voluntary leave without salary.

Employers' organizations as well as trade unions has been very constructive in both local and central negotiations in order to save companies and jobs, according to sources in employers' organisations as well as unions, and both parties have been appreciative of the relief packages, albeit there has been critique that the general and centrally agreed relief packages do not always fit the aviation sector. Some interviews also indicate that especially employers have seen the Danish model in a new and positive light after having been helped out by the tripartite based relief packages.

As such, the C-19 crisis has not resulted in a fundamental change in the power balance between employers and employees; rather, it has strengthened the cooperation at central as well as sector and local level – at least for the duration of the crisis.

As aviation is resuming its strength and as shortage of labour in society is widespread, we could expect a 'sellers' market' i.e., that unions have bargaining leverage. However, inflation and the energy crisis seem to cushion this – and the Danish model has a long tradition where the social partners does not overplay their cards when having the upper hand as this might hit them hard when the supply-demand balance changes. Rather, the parties tend to find compromises that secures the strength of the companies and secure reasonable real wages.

However, a more fundamental structural problem is the loss of qualified labour in aviation, due to the C-19 crisis.

Loss of qualified labour during lockdown

The abrupt decline in passengers in aviation have had huge implications for employees. As many have been laid off, the ramp up to normal production has been difficult due to labor shortage. As the crisis went on, many found other jobs, and some found out how convenient it is to have a '9-to-5 job' – as opposed to the aviation industry where changing working hours including night shifts and weekend shifts are prevalent. According to Statistics Denmark, within the area of aviation, we find that employees were coming back to their former employment to a lesser degree than within other sectors. According to Statistics Denmark, 2,400 were getting wage compensation in spring 2020; however, 13

months later, 700 were not wage earners anymore and 500 had found employment in other branches.²⁶

As it has been difficult to rehire former employees, managers as well as trade unions point out that many new hires has to be trained. This turned out to be no simple task; it takes time to train new employees to the many functions along the value chain in aviation. But a further hurdle is that ‘side-kick training’ i.e., when elder and skilled workers train newbies on-the-job is getting still more difficult when a lot of experienced labor does not return. This has been a problem in ground handling where seemingly simple tasks actually takes time to learn – like loaders, ramp agents, aircraft marshals, security personnel etc. The problem is enhanced by still shorter turn-around times as low-cost carriers set the standard; combined with logistic challenges when passengers arrives to the gate with oversized cabin luggage that has to be redistributed to check-in luggage, the stress level it heightened among loaders.

A specific group is traffic controller. Denmark have approximately 300 air controllers and only six new controllers are being trained every year. It can be very difficult to rehire laid-off traffic controllers, let alone ‘train you out of the problem’ – as it takes about 3 years to train an air traffic controller. Often, the controllers have found jobs in other parts of the world, and to rehire, the air controller companies must pay premium wage.

Collective actions in aviation during lockdown

On a general level, collective action has been almost non-existent during the C-19 lockdown in Denmark. Focus was very much on making companies and society work. The same generally goes for aviation, with a few exceptions.

In February 2022 the luggage handlers in SAS went on strike due to uneven salaries between newly hired employees and existing employees and work schedules that entailed more weekend duties. The reason was that SAS to a larger degree are catering for leisure passengers than previous when they had more business travellers. Business passengers are mainly travelling Monday to Friday, where leisure passengers travel weekends. According to the collective agreement, strikes are not allowed while the collective agreement is running. Hence, the case was dealt with in Labour Court and after three days, the loaders resumed work after being imposed a penalty by Labour Court for each hour the strike went on.

As pointed out in more detail above, SAS pilots went on strike in July 2022. However, this strike was in accordance with the rules as the collective agreement had expired 1. April 2022. Hence, as due notice was given the strike was legal.

²⁶ <https://www.dst.dk/da/Statistik/emner/arbejde-og-indkomst/beskaeftigede/loenmodtagere>

Employee representation and channels for influence during C-19

Employee representation and channels of influence in aviation has not changed in aviation as such – however as pointed out, unions have established new affiliations.

Appendix A: Trade unions and employers' organisations in aviation

Most important trade unions for airline staff

Union of Airline Staff (Flyvebranchens Personale Union, FPU)

- Pilots, automatic fingerprint identification system (AFIS) operators and cabin crew from nine different airline companies
- Density with regard to the union domain 70 %
- Estimated 1.900 members

Danish Air Traffic Controllers Association (Dansk Flyvelederforening, DATCA)

- Air traffic controllers in Denmark
- Density with regard to the union domain 100 %
- Estimated 285 members (data from 2022 – but no significant changes due to corona)

Danish ATS Operators (Foreningen af Danske Flyvelederassistenter – DATSO)

- Assisting air traffic operators in Denmark
- Estimated 122 members (pr. 1.1.22 – but no significant changes due to corona)

Cabin Attendants Union (CAU)

- SAS cabin crew; pursers, stewards and stewardesses
- Density with regard to the union domain 95 % (estimated)
- 900 members (2019)
- As of 1. February 2022 members of of Danish Metal Workers' Union.²⁷
- *Danish Airline Pilot Association (Dansk Pilot Forening, DPF)*
- SAS pilots
- Density with regard to the union domain 100 % (estimated)
- 300 members (2021), probably some 600 members before C-19
- Member of Danish Metal Workers' Union as of 1. February 2022.²⁸

Danish Metal Workers' Union (Dansk Metal)

- Technicians and flight mechanics
- Density with regard to the union domain 80 % (estimated)
- Estimated 1,000 members (new development in 2021: SAS pilots (DPF) and SAS cabin union (CAU) now members of Danish Metalworkers' Union)

²⁷ <https://check-in.dk/kabinepersonale-melder-sig-ind-i-dansk-metal/>
<https://via.ritzau.dk/pressemeddelelse/dansk-metal-velkommen-til-piloter-og-kabinepersonale?publisherId=90398&releaseId=13638897>

²⁸ <https://piopio.dk/piloter-gaar-sammen-med-smede-og-soemaend>

- A subdivision Metal Aviation (Metal Luftfart) was created in 2022, organizing SAS pilots (DPF), SAS cabin crew (CAU) and flight mechanics.

Most important trade unions for ground staff

United Federation of Danish Workers (Fagligt Fælles Forbund, 3F)

- Blue-collar, skilled and unskilled, workers, private/public sector workers, transport workers, handling assistants in airports.
- Density with regard to the union domain 75 % (estimated)
- Estimated 3.150 members in the sector (2019)

Union of Commercial and Clerical Employees in Denmark (Handels- og Kontorfunktionærernes Forbund, HK)

- Salaried employees, white-collar, commercial and clerical workers
- Density with regard to the union domain 45-50 % (estimated)
- An estimated 1.000 members in the sector (members of HK/Private)

Danish Union of Electricians (Dansk El-Forbund, DEF)

- Electricians
- Density with regard to the union domain 80 % (estimated)
- Estimated 120 members

Danish Association of Managers and Executives (Ledernes hovedorganisation, Lederne)

- Managers and executives
- Lederne has an estimated 1.400 members in Copenhagen Airport and private firms related to aviation.

Most important employers' organization

The dominant organisation representing employers in aviation is Confederation of Danish Industry (Dansk Industri, DI).

Confederation of Danish Industry (Dansk Industri, DI)

- DI has an estimated 28 member companies in the sector. These include airports, airline companies, baggage handling companies, catering companies and other companies related to aviation.
- All commercial airports and the majority of the large airline companies operating in Denmark are members of DI.
- All the major aviation companies are members, including Scandinavian Airlines (SAS), Norwegian and Copenhagen Airport.
- Estimated 30,000 employees work in member companies that are directly linked to aviation while another 20.000 employees are working in companies indirectly linked to the sector. (data from DI report in 2016)
- DI membership covers estimated 95% of the companies in the sector

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